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THE LEAGUE'S BUSINESS

Meeting of Executive Committee.—On December 10 the executive committee of the National Municipal League met at the City Club of New York during the brief visit of the honorable Murray Seasongood, president, to New York City. The financial affairs of the League were set forth in reports presented by the secretary. It was pointed out that, as a result of the curtailment of expenses since the meeting of the council in Washington last September, the amount of cash on hand, plus the amount due the National Municipal League from the Proportional Representation League, is now practically sufficient to liquidate all outstanding indebtedness. It is hoped that the League shortly after the first of 1933 will be entirely free from debt and will then be in a position to operate on a pay-as-you-go basis. It was also shown at this meeting that the membership of the National Municipal League has increased since the last report submitted to the council in September. Since September a total of 127 members have resigned or have been removed from our mailing list for non-payment of dues. On the other hand a total of 149 new members have been secured since September, making a net gain in membership of 22. This result is very encouraging since most other organizations are finding their membership dropping off seriously in this financial crisis.

Radio Broadcasts on Legislatures and Legislative Problems.—Members of the National Municipal League are already familiar with the "You and Your Government" series of national broadcasts sponsored by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. The most recent series was devoted to constructive economy in state and local government and helped greatly to advertise the principles of the National Municipal League in this field.

Beginning on Tuesday evening, January 3, a series of twenty-four weekly half-hour broadcasts will be initiated to continue through June 13, 1933. The new series will be given from 7:15 to 7:45, eastern standard time, each Tuesday evening over the blue network of WJZ and affiliated stations.

The program for January and February is as follows:

JANUARY 6—"The Legislative Prospects of 1933." *William Hard,* Washington, D. C.; *Senator Bronson Cutting,* New Mexico; *Representative Henry T. Rainey,* Illinois.

JANUARY 10—"Prohibition." *Dean Howard Lee McBain,* Columbia University.

JANUARY 17—"The Congress." *Senator Arthur Capper,* Kansas; *Representative Earl C. Michener,* Michigan.

JANUARY 24—"Budgets." *Lewis Meriam,* Washington, D. C.; *Representative Joseph W. Byrns,* Tennessee; *Governor John G. Winant,* New Hampshire.

JANUARY 31—"The Powers of Congress." *Representative James M. Beck,* Pennsylvania; *Professor Jesse S. Reeves,* University of Michigan.

FEBRUARY 7—"Local Government Legislative Needs of 1933" (Round Table). *Henry W. Toll,* director, American Legislators' Association; *Carl H. Chatters,* director, Municipal Finance Officers Association; *Clarence E. Ridley,* director, International City Managers' Association; *Paul V. Betters,* director, American Municipal Association.

FEBRUARY 14—"Congressional Procedure." *Professor Frederic A. Ogg,* University of Wisconsin; *Representative Robert Luce,* Massachusetts.

FEBRUARY 21—"Armaments." *Admiral William Ledyard Rodgers; Honorable Roland S. Morris,* former Ambassador to Japan.

FEBRUARY 28—"Philippine Independence" (Round Table). *Professor J. R. Hayden,* University of Michigan; *Manuel Roxas,* speaker, Philippine House of Representatives; *Rep-representative Butler B. Hare,* South Carolina.

RUSSEL FORBES, *Secretary.*

Editorial Comment
❖
January

NATIONAL MUNICIPAL REVIEW

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In the Shadow of the Mountain

WHENEVER men gather to discuss governmental problems these days, they do so in the shadow of a mountain of debt. Sometimes this shadow is so dark it obstructs the view and all their thinking is palled. They would remove the shadow without removing the mountain. Sometimes men look toward the sky and recognize from whence the shadow comes but are paralyzed by its magnitude. Sometimes hard, clear thinking men talk of chiselling away the mountain or tunnelling through it. Sometimes an earthquake shakes the land as they talk.

In the city of Detroit there are many thousands of men, women and children who must be fed, clothed and housed this winter. These people, too, are living in the shadow of the mountain. For their government has reduced the money it is spending for unemployment relief. It had to do so. Sixty per cent of the money it is taking in must go to pay debts.

This would be sufficiently serious if the percentage told the whole story. It doesn't. The dollars that are going to pay these debts are worth a lot more than they were when the obligations were incurred. Thus there exists an anomalous situation: the biggest single item of expenditure in the budget of the city of Detroit cannot be reduced by one jot or one tittle but is actually increasing day by day as price levels sag further and a dollar buys more and more goods. Detroit is not alone in this problem—but illustrates it well.

There are some 600 cities in the United States that have defaulted on their obligations so far in this depression. Savings banks, insurance and trust companies are the largest holders of municipal securities which have been through the years the safest investment we know, except federal government bonds alone. Yet, up to the present moment, there has been no frank facing of the issue by the nation's governmental or business leaders. Our cities have a debt load that in many instances is too great to bear. It is time something was done to prevent further defaults. But what can be done?

Can debts be scaled down? Indebtedness is the only compartment in our economic system which remains untouched in precisely the same condition as it was in October, 1929. Scaling down need not mean repudiation; need not mean that the person who loaned the money shall receive less than the amount of the loan; provided the public indebtedness can be reduced to the actual amount of the debt when incurred as measured by the purchasing power of the dollar. Of course, debtors and creditors have always taken their chances in the past and gambled on

the price level. Perhaps they will do so in the future. But most creditors today would prefer to take a reasonable reduction in interest and capital than run the risk of greater loss.

There are, to be sure, temporary expedients that may serve a useful purpose. It will undoubtedly be urged in the near future that the federal government marshall its credit to help municipalities as it has been aiding banks. And there is certainly as much justification for the federal government to leap to the aid of municipalities as to the aid of banks.

But this is palliative and not cure. It does not reach the seat of the trouble. One way out, of course, is inflation. If instead of cutting down debts the price level were raised, the effect would be the same. And already we hear a clamor urging that the government run the printing presses overtime. We may yet come to that, though it will bring another train of problems in its wake. That we haven't done so is probably the result of our bankruptcy laws. A private individual or corporation can get out from under. A municipal or state government cannot, since there are no bankruptcy laws applying to public corporations. Is that the answer—bankruptcy laws for units of government? Not if we are interested in preventing rather than encouraging defaults.

The situation is crucial. Little more has been done here than to state a problem. The solution, if solution there be, has yet to emerge.

Home Rule a Mockery in New York

NEW YORKERS seeking a more efficient form of government and entangled in the political maneuvers of a hostile legislature might well have heeded the fabled wild boar who was whetting his tusks against a tree, when a fox coming by asked why he did so: "For," said the fox, "I see no reason for it; there is neither hunter nor hound in sight, nor any other danger that I can see."

"True," replied the boar, "but when that danger does arise, I shall have something else to do than to sharpen my weapons."

The home rule law of New York State is a mockery when it comes to an effort to obtain a new charter which does not suit the political powers in control of the city government. For the home rule law does not permit the initiation of a movement to draft a new charter by petition; the process must be started by the local legislative body. True, the home rule law does give this right to cities with a commission form of government, of which, it should be added sardonically, there is none in New York State.

For years, small groups of citizens interested in improving local government in New York State have attempted to sharpen the tusks of home rule without success. Today, it is too late, and citizens of the largest city in the world are in the position of having to abandon all thoughts of home rule and bow the knee to the legislature to obtain a reorganization of its government. That this legislature is well nigh dominated by the same type of partisan interest that controls the New York City assembly does not make the scene any more appealing.

While it is to be hoped that the movement for revision of New York's charter will succeed, the importance of amending the home rule law to prevent a recurrence of this situation should not be forgotten in the excitement. Even assuming that New York City's problems are solved for all time by legislative action in this year of grace, 1933, there are 60 other municipalities in the state that should have the right to work out their own problems.

(Continued on Page 11)

HEADLINES

The New York State legislature will be faced with at least two proposals for a new charter for New York City when it meets in January. The Seabury plan provides for a relatively small council to be chosen by proportional representation, with election of the mayor and the controller. Al Smith recommends reorganization along the lines of the state government, with a senate and a house but breaking up the boroughs as a basis of representation.

* * *

County home rule will be urged upon legislatures by two official commissions in states which do not operate under this policy at present: New York and Michigan. The Mastick Commission (for revision of the tax laws) in New York will recommend optional forms of county government and a constitutional county home rule amendment; the County Government Commission in Michigan will do the same and go even farther, advocating abolition of township government.

* * *

For the first time in fifty years in Kentucky, tuberculosis is becoming more prevalent, according to Dr. A. T. McCormack, secretary of the Kentucky State Board of Health. He attributes this as well as an increase in pellagra to the economic condition of many families. The unemployment situation in many sections of the state is acute.

* * *

A reduction of $5,000,000 in the budget of Pittsburgh for 1933 as compared with 1932, has been made as the result of pressure brought by taxpayers and threats of a tax strike. The movement for the manager plan is gaining great strength in Pittsburgh.

* * *

Consolidation of Philadelphia's city and county government is again proposed and this time popular clamor for reduction in the cost of government may result in action by political powers who see the handwriting on the wall.

* * *

A saving of $5,350,000 could be achieved in the annual expenditures for supplies, material and equipment of New York City through the installation of centralized purchasing, it is estimated by Dr. Russell Forbes, secretary of the National Municipal League, who has just completed a survey of the present purchasing methods of the city government.

* * *

Authorization by the Michigan legislature of a $20,000,000 tax anticipation bond issue by Detroit is urged by Governor Brucker. Detroit, with a debt service eating up approximately 60 per cent of its current revenue, must have money.

A county manager in Cuyhoga County, Ohio (which includes Cleveland), looms as a possibility with a proposal by county commissioner-elect James A. Reynolds that the new county commission take steps in that direction through merging several offices.

* * *

Elimination of 500 of Philadelphia's 1,566 election districts with a saving to taxpapers of approximately $205,000 can be accomplished through consolidation under the voting machine law, according to R. C. Hassrick, chairman of the Board of Registration Commissioners. All of which bears out the statement of the National Municipal League Committee on Election Administration that "there is probably no phase of public administration which is today so badly handled as the conduct of elections. The cost of elections at present is many times higher than it should be."

* * *

Citizens of Indiana will pay $42,000,000 less in taxes in 1933 than they paid this year, according to estimates by Harry Miesse, secretary of the Indiana Taxpayers Associaiton. In county government, reductions range from 16 per cent in Porte County to 73.9 per cent in Orange County over the previous year. It is to be hoped that these reductions in governmental budgets represent actual economies through the elimination of waste and not merely the transfer of expenditures from public to private enterprises.

* * *

Add to collection of short ballots: the ballot of Los Angeles at the November election measured approximately two feet by three feet and contained twenty municipal propositions, twenty state propositions, and three recall elections in addition to ten elective offices to be filled.

* * *

Traffic in the New York region continues to mount despite the depression, according to a report issued by the Regional Plan Association. The question is—are they leaving town or returning?

* * *

The new radio period for the "You and Your Government" series is scheduled at a particularly appropriate time—7:15 to 7:45 P. M.—between Amos 'n' Andy and the Goldbergs. Education by radio at last comes into its own!

* * *

Organization of the General Welfare Tax League, which is an association of experts in business, economics and government to represent the public interest with respect to taxation has been announced by Harold S. Buttenheim, editor of the *American City* and acting president of the new organization. The League hopes to be a counteracting force to the pressure of special interest groups constantly seeking to influence tax legislation in their own behalf.

* * *

At least 25,000 families and more than 200,000 boys and young men are nomads in America today, according to the United States Children's Bureau. This is a particularly serious governmental problem since it is the problem of no particular government—unless, that is, it comes under the "commerce clause."

* * *

Federal support of education is necessary to relieve the crushing burden of the local property tax and to equalize educational opportunity in the opinion of state superintendents of education meeting at Hot Springs, Arkansas, recently. A long jump from the "little red schoolhouse."

The Farmer Buys Less Government

And begins to get the idea it's cheaper in wholesale lots

BY WHEELER McMILLEN *Associate Editor of the Country Home*

THE farmer is a realist these days in his attitude towards government. He has to be.

In a letter from an Iowa farmer I find this gem of condensation: "My taxes are more than twice what they were a few years ago. My products sell for about a third of what they used to bring. Both these assertions are actual understatements.

"We buy fewer clothes, make fewer improvements (or none), buy fewer groceries, use our car less and longer—and so on with every item under my personal control.

"I would also like to buy less government. I think we could get along just as well with less government as with less of other things, perhaps better. At least, I would like to pay less for whatever government I have to have."

This man is considerably more moderate than scores of other farmers who might be quoted. But he does express forcibly enough the reasons for the farmers' present insistence upon cheaper government and less of it. His private standard of living has been reduced, and he would gladly have his public standard of living cut down, too, until better times.

TAXES MUST COME DOWN

Farmers are not very particular as to what devices are adopted for reducing taxes, just so taxes are reduced. Ever since urbanization has been general, farm property has usually been overtaxed. In other words, the tax system has not been changed to accord with the changing forms and locations of wealth. Nevertheless, the efficient farmer has been able heretofore to meet his tax bill, unfair or not; and may have preferred to exercise some discrimination as to the methods by which it might be lowered. Now, with his income at unprecedented low levels, he is willing to accept radical changes in government if its cost will assuredly be moderated thereby.

For instance, a proposal to combine counties a few years ago would not have received very general rural support. It would have been viewed as a measure to move power further from his home, and to make him travel further to the county seat. Today most farmers would willingly consider county consolidation. However, naturally conservative, before accepting so radical a change he would have to be convinced beyond any doubt that county mergers would, actually and definitely, produce lower costs and compensating advantages. He is not quite at the point of wanting change merely for the sake of change.

Farmers have traditionally been reluctant to consent to the centralization of governmental functions. A neighbor

as trustee, selectman, county commissioner, member of board of education, has seemed more worthy of trust than a distant executive. The neighbor official was expected to respond to the same desires for economy and efficiency as his fellows. A man at the statehouse or other distant point might be more interested in increasing his own salary or his power than in delivering service. And would be harder to watch.

THE FARMER SEES THE POINT

In recent years this feeling has perceptibly relaxed. Evidence has convinced farmers that persistence in localized functions has meant wasteful overhead, duplication, inequalities, and higher costs. Several men have been paid to do work that one, given more territory, might do better. Townships have bought expensive road machinery for themselves when the same equipment might be spread over half a county. Scattered purchasing has been seen to be more costly than centralized, standardized purchasing. One man, devoting his full time to the work, can be a better judge of values and services than several men forming casual and independent judgments.

Farmers see these facts. The present, then, is a highly favorable time to strike for action upon dozens of the minor steps toward less expensive government.

The work on a farm consists of innumerable separate tasks that, in the aggregate, make up a year's farming. No great difficulty is experienced by a farmer in comprehending that reform in government expenses is most likely to be attained by a large number of thoroughgoing small economies. In fact, he may prove more ready to support that kind of progress than to endorse more fundamental changes.

FAVORS SALARY REDUCTIONS

Not being intimately familiar with all the intricacies of the governmental structures, a farmer is likely to strike at the items that are most conspicuous. Seeing the rural mail carrier complete an easy day's work in four or six hours, he is willing to resent the fact that the carrier makes two or four times as much as an ordinary farm will yield for three hundred and sixty-five long days. And can he be blamed? He thinks the young ladies in the school house, and the boys in the court house, the state house, and in Congress have pretty soft snaps, more fun, and receive a much higher salary than he does. He knows the people pay the bill, and that he is one of the people who pay. Is he for salary reductions? Naturally.

With his income halved and quartered so that his personal expenses for luxuries have been severely curtailed, he wonders if the county agricultural agent, the county health worker, the library appropriation, the new building on the handsome state university campus, and the state and federal boards for this and that may not also be luxuries that he could live without, or could curtail. And who is to say that he may not be right?

He may accept the present organization of county government simply because it has so long existed. But if some one points out to him that the county set-up is a headless, amorphous anachronism, he is these days in a mood to see the point.

CHARY OF NEW TAXES

His experience in the past has been that new sources of revenue are simply additional sources, to support further public expenditures. His enthusiasm for new taxes may await his conviction that they will be substitutes for some of his present taxes. But if he can see how to make the other fellow pay a fair share, so that the farm actually gets a reduction, he will be ready to support the new idea.

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Painless Extraction of Tax Dollars

Taxes can be collected but way must be paved for citizen in these times

BY CARL H. CHATTERS *Municipal Finance Officers' Association, Chicago, Ill.*

COLLECTING local real estate taxes is not a pleasant business—not if you really try to extract the money from everyone who ought to pay. But it has not been unpleasant for many officials because they simply have permitted taxes to go delinquent. Since the task presented some distasteful aspects, they have been sitting idly by in despair. There have been too few tax collectors and far too many tax receivers. Cities need someone who will apply intelligence, ingenuity and industry to the tax gathering procedure.

The present depression has brought about alarming delinquencies in real estate taxes all over the country. Some cities have collected as little as twenty-five per cent of their levies while they were current, and other communities which used to receive nearly one hundred per cent of the tax levy find that during the current year they are receiving only seventy-five per cent. This situation is a challenge to public officials and public spirited citizens, for it is certain that the functions of government cannot continue unless the taxes levied for their support actually come into the city's coffers in cash.

The causes of this delinquency must be known before any cure can be devised. The local officials, coöperating with other agencies, should make a study of the delinquent tax situation to determine both the extent and the cause. The procedure will involve the segregation of delinquent taxes by areas, by years of levy, and by the kind of tax. It will be necessary to know whether the unpaid amounts are assessed against vacant properties or improved properties, and the relation of the delinquent taxes to the value of each individual property. The years in which the taxes were levied must be known in order to determine whether the condition has arisen as a result of the depression or has been accruing for many years and has merely been precipitated by the present deflation.

SPECIAL ASSESSMENTS TROUBLESOME

Many of the tax difficulties are caused by excessive levies of special assessments. This must be segregated from other possible causes during the search for an adequate remedy. Perhaps the delinquency may have been caused by lax enforcement of the tax laws. Many cities have found that the collecting officials were slow in selling delinquent tax properties, and that others have even given special privileges to their friends. Nearly all of the commissions and individuals engaged in the study of tax delinquency have concluded that poor administration of the tax laws is one of the major difficulties.

Statutory changes and constitutional amendments are needed. Their passage requires years, however. Every

municipality needs now all of the taxes that it has levied. Fortunately, many cities are furnishing an example of enterprise and not waiting for the millenium. They are using not only all the legal means at their command but in addition are doing many other things which common sense dictates. Some of the most widely adopted practices in actual use are as follows:

RECOMMENDED PRACTICES

1. Property owners are notified by mail when the tax is levied.
2. Current taxes are accepted by installments.
3. The failure to pay the first installment leads to an investigation of the cause of delinquency before the second installment becomes due.
4. Delinquent taxpayers are notified by mail or telephone just before the tax penalty becomes effective.
5. Special tax collectors investigate the cause of delinquency and collect the taxes.
6. The effect of tax delinquency on community activities is advertised extensively to the local taxpayers, who also obtain a timely statement of the services received in return for the taxes.
7. A spirit favorable to tax payments is promoted by coöperation with civic groups.
8. Taxpayers unable to meet their delinquent taxes in full are permitted to pay them by installments.
9. The rents on tax delinquent properties are being seized in a few communities.
10. A tradition of prompt and rigid enforcement of the tax collection laws stands out as the best preventive for delinquency.

A campaign to collect delinquent taxes must be preceded by publicity which places the tax-paying public in a receptive frame of mind. Those who feel that the government is rendering services worth the money it is taking, will pay far more readily than taxpayers who complain that their money is wasted. Public officials must constantly and regularly inform the citizens through the newspapers about the use of public funds and the services which they purchase. Without such publicity, unnecessary work will be done.

PAY TAXES ON INSTALLMENT PLAN

The taxpayer should be encouraged to set aside funds in advance to meet his obligations. He also should be permitted to pay both current and delinquent taxes by installments. In a city where the fiscal year and tax collection year do not coincide, the prepayment of taxes will do away with the necessity for bank loans, and at the same time promote thrift on the part of the citizens.

Many taxpayers feel that the accumulated burden of delinquency makes it impractical or impossible for them to meet their current tax obligations. If they were assured of an opportunity to pay the delinquent taxes by installments commensurate with their income, they would be encouraged. It goes without saying that current taxes should be collected more frequently than once a year. The quarterly payment plan in cities is the most practical. The adoption of this scheme by an increasing number of municipalities during the last few months is evidence of its popularity and results.

MONTHLY TAX COLLECTION WOULD BE EVEN BETTER

Tax delinquency may be prevented or reduced by using methods which have been found successful. Some one person must be responsible for this activity. The collecting official should be responsible to the head of the city administration, and preferably should be appointed on the basis of his merit. Furthermore, he should be part of a properly coördinated department of finance.

He should carry on a continuous program of tax collections, using the full strength of the law. He should call to his support local bodies vitally interested in the welfare of the community, and should accumulate data from time to time which will disclose whether the delinquency is caused by the burden of taxation or the low state of the public morale. To paraphrase, eternal follow-up and consistent effort show the way to better tax collections.

EDITORIAL COMMENT

(Continued from Page 4)

The phrase "home rule" has a chameleon-like character; its meaning changes with events. At the moment, protests are being raised against mandatory state legislation affecting municipal budgets. The local budgetry authority cannot pare its cost of operation—the state has written into law requirements that prevent.

There is justice in this complaint. But in the hue and cry for economy it should not be forgotten that more fundamental even than the right of local legislative bodies to determine the amount of money that shall be spent for a particular purpose is the right of citizens to force rebuilding of the structure of their government when it has collapsed. The necessity for dodging mandatory laws is the result of a temporary crisis brought about by the depression—had price levels remained unchanged, we should have heard naught of it.

The right of citizens of a municipality to determine its form of government involves the functioning of democracy, the control by the electorate of the officials it chooses, as well as the opportunity to eliminate waste in government and obtain a dollar's worth of service for every dollar spent.

THE FARMER BUYS LESS GOVERNMENT

(Continued from Page 8)

These are months of golden opportunity for advocates of better government who want rural support for their ideas. Farmers are as never before receptive to such plans. They will endorse no schemes for additional government or more expenses. They will not accept an idea merely for novelty. They will insist on being convinced by concrete and positive facts—loud generalities will be politely heard and dismissed. But offer a sound step toward a better government *with lower taxes,* and hearty support will be immediate.

Unemployed Support Themselves in Seattle

But much advertised experiment temporarily collapses in charges of graft and waste

BY JOS. P. HARRIS AND ARTHUR HILLMAN *University of Washington*

UNEMPLOYMENT relief in Seattle, as elsewhere, has become within the last two years a problem of greatest importance. The social welfare agencies, financed through the Community Fund, found themselves a year ago unable to take care of the problem, primarily because of limited funds. The city and county were not in a position to take over the problem because of inadequate welfare organizations. Into the breach stepped the Unemployed Citizens' League in July, 1931, with a self-help program and later demanding and securing from the city and county financial support. A plan of administration of emergency relief was worked out which involved the following principal factors:

1. Commissaries for dispensing food were established throughout the city.

2. A District Relief Organization was created to administer the emergency relief, financed by the county, supervised to a certain extent by the Community Fund, but with the actual work done by the unemployed themselves.

The organization of the unemployed and the part which they played in securing, controlling, and managing relief work are of great significance. It cannot be said that the emergency organization, now abandoned, was a failure, or that it was a success. It is generally recognized that the system had many weaknesses which led to its abandonment though it is quite probable that some reorganization along the same lines will be made when the newly elected county commissioners take office. Opinion within the city as to the practical workings of the commissary system and the administration of unemployment relief by the unemployed themselves varies greatly. Conservative elements of the community are alarmed at the radical tendencies of the Unemployed Citizens' League and their influence in elections.

REPORTS CONFLICTING

The work of the commissary system has been discredited by persistent stories of mismanagement and the provision of supplies to families who are not in need. On the other hand, several months ago the work of the unemployed in their self-help program and administration of relief was praised by many, and the unemployed themselves have considerable enthusiasm and loyalty to the project. During the summer of 1932, the commissaries were taken over and managed by the county, displacing the unemployed managers then in control, and the question of whether the commissaries should be run by the unemployed or by the county became an issue in the campaign for county commissionerships. The two county commissioners elected on the Democratic ticket are both friendly to and were supported by the

Unemployed Citizens' League. They have promised to restore unemployed management.

The commissary system was started by the Unemployed Citizens' League. Locals sprang up throughout the city, and in the early fall of 1931 a total of 20 locals (later 22) had been formed. A year later the organization had spread to other cities in the state, and had a membership of at least 58,000 families. The objectives of the organization are:

1. Employment through an enlarged program of public works.
2. Self-help.
3. Food relief to be administered by members of the organization.
4. Unemployment insurance as an ultimate object.

Opposition was expressed to organized charity as such, and a standard of maintenance rather than relief was demanded.

REQUIRED NO AID FROM GOVERNMENT

For several months after its organization, the Unemployed Citizens' League received no aid from the city or county government, but went ahead with a wholly voluntary program of charity and self-help. Vacant houses or shops were secured in various parts of the city through donations of their owners and were turned into commissaries. At first the only food or clothing available to be dispensed was that donated by business men, merchants, and citizens, or secured by an exchange. Wood cutting crews from the first gleaned fuel from unmerchantable tracts and logged-off lands. During the fall and winter of 1931, 120,000 pounds of fish, 10,000 cords of wood, and eight carloads of potatoes, pears, and apples were provided under this self-help program.

The housing problem was solved for many families by the League. Vacant houses, and those already occupied by members in some cases, were repaired in return for the value of the labor in rent. Other local activities were barber shops, tailor shops, sewing rooms, garages, shoe repairing shops and at least one furniture repair shop. Each family head was expected to volunteer for two days' work every week and in return shared in the goods and services provided by his local.

The work was apportioned and benefits distributed by committees elected by the locals,—relief, housing, wood, and others to take care of local activities. A spirit of mutual helpfulness prevailed. Child welfare committees of women were active. Entertainments and dances were given by some locals. Ball teams were later organized.

During the time when the League was developing its self-help program, the Mayor's Commission for Improved Employment, headed by I. F. Dix, civic leader, and manager of the telephone company, was at work coördinating public and private relief resources. The Commission organized the city into five districts and its activities and those of the League were somewhat parallel. It became apparent that direct relief on a large scale was necessary, self-help through the winter months being uncertain and inadequate. The locals experienced more and more difficulty in securing donations of food. The unemployed were prepared to handle the distribution of food through their own commissaries, while the mayor's commission had established five depots and were supplying food to some of the unemployed who were not in the League.

COÖPERATIVE ORGANIZATION SET UP

A coöperative set-up between the Mayor's Commission and the Unemployed League, known as the Local District Relief Organization, was effected about January 1, 1932. Mr. Dix was unusually successful in reconciling the points of view of the unemployed and the business men, and led the movement

to combine forces, thus placing responsibility upon the unemployed themselves. With the exception of a small amount from the city, the county paid for the food from then on. It was purchased by the relief manager, formerly of the Mayor's Commission, and delivered to the five depots and from there to the League commissaries, where most of the unemployed were registered. The self-help program of the League was carried on. An additional feature was the use of unemployed as investigators, a unique development in social work technique. The use of them was an expedient and although they were given some instruction, they were not always objective in their approach to cases. This arrangement satisfied the unemployed who stoutly objected to professional charity and to the usual investigation of social welfare cases.

The distribution of food and the investigation of applicants were supervised by social workers under the direction of the Community Fund. Although as one of them remarked, "Our powers were only those of persuasion," and some of the unemployed had an illusion of absolute power, the final control of the funds was in the hands of the authorities. The arrangement was, however, coöperative.

The Unemployment Citizens' League continued as an organization even though its interests in relief had been merged. The number of unemployed served by the Local District Relief Organization grew from 10,810 families and 34,232 individuals on March 10 to 14,201 families and 45,407 individuals on July 14. Of these all but one-sixth or less were members of the League. With relief coming from public funds and membership growing, some of the enthusiasm and spontaneity of the organization was lost.

LARGE SAVING TO COMMUNITY

From January 1 to July 21 the unemployed labored in self-help 2,306,415 hours. Figured at even a low rate, this means a considerable saving to the county. The unemployed on the average did not work the two days a week which had been set as a standard, but that does not indicate an unwillingness in most cases. To utilize labor power and to effect economies, industrial projects such as a bakery and a clothing factory were planned, but could not be carried out for lack of capital. Self-help policies varied with locals.

John F. Hall, secretary of the Seattle Community Fund, states that "the administration of the commissaries by the unemployed had the apparent merit of economy, though in the long run it has proved expensive," referring to wastes and graft which became increasingly evident. An unquestioned advantage of the system was that it gave the unemployed a sense of status and achievement. In fact, one competent observer believes that the morale of the unemployed was better than that of the employed last spring. This is a reply to the usual complaint that the commissary system destroys individual initiative.

A number of factors caused the county commissioners to assume control of the administration of relief. There were allegations of graft in some commissaries and suspicions in others. Investigation of cases was never adequate. Charges of discrimination and favoritism were made against local relief chairmen. Internal politics weakened the organization, which, because of the great amount of autonomy allowed the locals, were unstable at the best. At the yearly election of officers in August men were elected who represented a left wing bloc. Pressure was placed upon the county commissioners by conservative elements in the community alarmed at the growth of the Unemployed League. In July the purchasing of supplies was taken over by the county purchasing agent and supervision soon

Prospective Action by States in Relation to Local Finance

Not if communities are deprived of responsibility for financial programs

BY WYLIE KILPATRICK

Trenton, New Jersey

FINANCIAL relations between states and localities, whether under the description of state control or supervision of local finance or of home rule grants, invite consideration especially by the 1933 legislatures. These relations must undergo legislative appraisal and be subjects for enactment not merely because the exigencies of the economic depression will force action but because of the present thoroughly unsatisfactory network of fiscal statutes and the undefined or incomplete nature of many administrative agencies. The past failure to work out efficient and harmonious financial relations between states and localities compels a consideration whose urgency is merely accentuated by the current shrinkage of private and public income. Not that plans have not been worked out; many have been proposed and a few have been adopted. The outstanding fact throughout the United States is that the bulk of the states have failed to utilize plans or develop ones of their own for, as an instance, the creation of local budget and debt codes. Whether the result is due to their own lethargy or the unsuitableness of the plans—both may be contributing reasons —state fiscal laws and supervisory agencies are mainly continuing oblivious to crucial economic changes, retaining obsolete procedures and machinery, and manifest but a slight awareness of evolving and progressive financial techniques.

BLEEDING POCKETBOOK NERVES

Immediately, a valid reason for considering financial relations is the impelling need for tax reduction — the pocketbook nerve is bleeding. But a warning should be sounded here—emergency needs too often result merely in emergency remedies. If and when prosperity returns, the complacency of a fat pocketbook will soften the sting of wastes and more serious losses in social values. The year 1932 witnessed four states, Michigan, Indiana, Washington and West Virginia, turning to legal prescription to lower taxes. Michigan adopted a constitutional amendment limiting taxation to one and one-half per cent of the assessed valuation with certain provisions, Indiana ordered a fifteen per cent reduction in all local districts by blanket mandate, and West Virginia instituted a tax limit of $1.50 to force reductions willy-nilly. Regardless of the merits of these proposals for the states which adopted them, these desperate remedies betrayed an attitude of mind which, if it is widespread in 1933 legislative sessions, will result in a miscarriage of reform without permanent solutions.

Solace to tax reformers is furnished by the imprint of proposals, often advanced but rarely adopted, contained in the measures in all four states. The tax limits of Michigan and Washington avoid the extreme of arbitrary uni-

formity and follow Ohio in introducing a degree of home rule by allowing local units to exceed the tax limit upon a popular referendum which in Washington requires a three-fifths majority and in Michigan a two-thirds vote of the electors. West Virginia and Indiana inject state administrative review in their schemes by permitting localities to exceed the limitations upon approval of the state tax office. A painstaking examination of these measures, however, discloses that no thoroughgoing review of local expenditures was instituted, the review merely being incidental to the tax limits upon which reliance was placed. Nor was the intention to allow municipalities to vote higher levies under the compulsion of urgent need carried out in Michigan, whose limit, inclusive of debt service for all obligations hereafter incurred, practically prohibits borrowing in many districts at the same time that it makes impossible payment of improvements from current revenues.

State control of localities, as with other devices, will be advanced as a panacea to cure all sorts of ills. No form of fiscal relations, whether of state control or otherwise, constitutes a panacea. Nothing that the state can do will take the place of local initiative and effort for improved government. Indeed, a factor, never properly realized, is that a major trouble with supervisory plans is the difficulty if not the impossibility of state supervision performing its work and accomplishing its aims when local communities are improperly organized and when the local fiscal structure is archaic. State supervision, to be effective, must be based upon a reorganization of local structure and rest upon capable local communities which will permit supervisory laws and agencies to function adequately. In state after state supervisory plans run into a labyrinth of local disorganization which has seriously crippled the state's efforts to obtain adequate fiscal procedure and an honest and efficient local administration. Consequently, two conclusions, seemingly paradoxical, hardly can be successfully challenged. First, state supervision has as one major object assistance to the smaller districts whose lack of technical equipment renders state help advisable. Secondly, reorganization of localities into capably run governments does not obviate the need of supervision but produces a situation in which it can function best with the maximum of results.

DISREGARD PRECONCEIVED THEORIES

The consideration of fiscal relations between states and localities has been and will be vitiated and misinterpreted by preconceived legal and governmental theories. Take, for example, the theory of the sovereignty of the state as a legal guardian of its wards, the municipalities. A restatement of the legal precedents to prove that, in absence of constitutional provisions expressed or implied by the courts, the state may order its local agents to perform state functions will possess slight efficacy in curing financial diseases. The question is not what the state legally can do in exerting constitutional prerogatives but what, as a matter of public policy, it should do. How far, as a matter of practice, should it go in delegating fiscal powers to localities, in retaining powers to itself, or in exercising them concurrently with communities?

Conversely, the valuable belief in local home rule, a term describing one way of procuring efficient government, will probably be abused on the legislative floors of the 1933 sessions as a means to safeguard local vested interests or to protect abuses which derogate the value of home rule. When the theory of local self-government, allowing communities to work in coöperation with each other and the state, is severed from the doctrine of extreme local autonomy, the

growth of efficient local self-government is more apt to result. Coming legislatures will do better to disregard preconceived notions and ask themselves two questions whose very simplicity will lead more to remedial action than any compilation of precedents or doctrinal exhortations. First, what action is necessary for the healthy functioning of local finance? Second, in apportioning responsibility for the financial job, what part can the state best do and what part can local officials and citizens best perform?

For the center of the problem consists in apportioning responsibility for the performance of duties deemed necessary for the healthy functioning of finance. At this point must be rejected the conception that the entire responsibility is the state's, with the communities merely acting as state agencies, or that the responsibility is the community's, with the state an uninterested spectator. Demonstrated experience is pointing to a relationship in which (1) the state exercises its duty, now shirked by many states, of clearing the statutes of the numerous obsolete legal provisions now cluttering the statute books, which hinder the orderly local exercise of budgeting, borrowing, accounting, and other powers. Fiscal laws must be redrafted into consistent municipal finance codes and their interpretation must be made plain by a state supervisory agency equipped to be of practical and continuous service to localities in administering local fiscal processes and in unraveling knotty and technical problems. (2) The locality utilizes the opportunities for financial reform accorded to it by the state fiscal code, of applying improved procedures to fiscal activities, of ascertaining the facts and examining the conduct of local administration, and of benefiting from the experience of other units through a state-wide agency. (3) The citizen acquires and exercises the opportunity, often denied to him now, of participating effectively in local affairs by obtaining access to information upon which the results of local administration may be appraised and of sharing in decisions as to future local plans.

CLUES TO ACTION

The financial relationship must accord to the municipalities tools and instruments by which improvement can be attained by the communities, acting under their own decisions, with the state conducting the examining, inspectional, advisory, and correctional functions which only can be performed by a state-wide organization. The allocation of the responsibility for healthy local finance would provide (not as a stereotyped program for platform cries but as clues for developing the following facets of a complex problem) that:

1. The communities must know the facts of administration, a requirement calling for a state-wide reporting mechanism that will ensure reports of administrative operations for practical local use as well as for filing with the state office.

2. The municipalities must obtain the accounts to record the facts, a requirement for the improvement of accounting standards. Once adequate accounts now are becoming obsolescent and many localities do not even record the facts necessary to know and appraise local administration.

3. The facts as to the conduct of administration must be checked as to efficiency and fidelity, a requirement for periodic auditing as an accepted part of local administration. A suprisingly large proportion of localities do not accept and use the audit as a regular instrument for administration; and more districts and states have not as yet developed the audit as a tool for testing efficiency and of recommending improvements.

4. The facts as to fiscal administra-

tion must be related into a locally controlling plan, a requirement for budgeting. That only a minority of states has requirements for local budgeting points unerringly towards a reordering of local budget processes.

5. The facts must be ascertained as to debts and borrowing methods in order to forestall illicit practices and exorbitant burdens militating against the community's development. That only a small minority of states possesses respectable debt codes points unerringly towards a reordering of local borrowing processes.

6. The facts as to a community's economic capacity to indulge in borrowing, as well as to the business practices of bonding, may be subject to competent state review without going to the unnecessary extreme of vesting decision in the state agency as to whether a locality should or should not borrow. Not a single state has worked out a satisfactory system for review of local borrowing.

7. The facts must be brought together to relate tax burdens to economic resources and civic needs by local machinery for the review of budgets and improvement projects in addition to state assistance by meaningful reports, thoroughgoing audits of administration, surveys of operative costs, and continuous technical assistance. Neither states nor localities, except for isolated exceptions, reveal any appreciation of review of expenditures and administrative operations which would provide local agencies for regular review and state agencies for appellate review to pass upon disputed cases, suspicious circumstances, or allegations of misconduct.

8. The facts must be investigated and reported to all localities regarding salaries, wages, and living costs by state assistance in the standardization of salaries and equalization of public compensation, the largest single item of current expenditure. Hardly a state pays attention to the local personnel records and devices for personnel administration, rather retaining vicious stipulations for mandatory local salaries.

9. The facts of administration should be made available to local citizens who should be equipped with definite authority to obtain any desired type of examination, audit, and review and a hearing and consideration for their views. American states expect citizens, without facilities for learning the facts as to local administration from a dispassionate and non-partisan source, to exercise a control over administration that is possible only when they have access to authoritative and informative analyses of administration and facilities for obtaining a full consideration of the developed facts and of their views.

AVOID MISCARRIAGE OF REFORM

These clues for discussion are susceptible of translation into maturely considered action and definite plans. The obstacles in the way do not consist in any inherent defects in these modes of readjusting financial relationships but in the precipitate action on ill-considered schemes by panic-stricken officials or the lethargic disregard of the urgency of needs.

Without desiring to assume the rôle of a prophet, the writer ventures the assertion that the obstacles to reform by the 1933 and subsequent legislatures will arise from the basic misapprehension of three factors. First, permanent reform is likely to be diverted by hasty plans or gestures for half-way improvements that do not utilize the best developed modern techniques. Many of our state budget and debt laws are crippled because they are gestures to redeem campaign measures, or isolated and piece-meal measures to rectify individual abuses without a well-rounded consideration of the subject by a codification of fiscal statutes to ensure coherency and consistency.

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III. CONTENT

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8. *Distribution.*—Great care should be exercised in placing the illustrative material contiguous to the relevant reading material.

B. *Composition*

9. *Table of contents.*—A short table of contents in the front of the report is a great aid for ready reference.

10. *Organization chart.*—An organization chart or table indicating the services rendered by each unit, if placed in the front of the report, will help the reader to a clearer understanding of what follows.

11. *Letter of transmittal.*—A short letter of transmittal which either contains or is followed by a summary of outstanding accomplishments and recommendations for the future should open the report.

12. *Recommendations and accomplishments.*—A comparison of past recommendations with the progress toward their execution will serve as an index to the year's achievements.

13. *Length.*—Fifty pages should be the maximum length.

14. *Literary style.*—The text should be clear and concise, reflecting proper attention to grammar, sentence structure, and diction.

15. *Arrangement.*—The report of the various governmental units should correlate with the organization structure, or follow some other logical arrangement.

16. *Balanced content.*—The material should show a complete picture, and each activity should occupy space in proportion to its relative importance.

17. *Statistics.*—Certain statistics must be included, but wherever appropriate, they should be supplemented by simple diagrams or charts.

18. *Comparative data.*—The present year's accomplishments should be compared with those of previous years, but only with full consideration of all factors involved.

19. *Financial statements.*—Three or four financial statements should be included, showing amount expended and the means of financing each function and organization unit.

20. *Propaganda.*—It is unethical and in poor taste to include material for departmental or personal aggrandizement. Photographs of officials, especially of administrators, seem out of place in a public report.

CONCLUSION

It seems clear from the following table that either the economic depression or inertia of public officials—doubtless both—has resulted in a decline in the number of reports issued—1932 with but ten, established a six-year low record. We discern that the report writers continue their prolific writing quite regardless of the interest and endurance of their readers. As to promptness it is encouraging to note that whereas the average tardiness was 4.5 months six years ago, it is now but 3.2 months. The very definite improvement for 1932 in make-up, illustrative material, and composition over any previous year is clearly evident. I cannot conclude, however, without viewing with alarm the indifference which most public officials display toward public reporting, and add a keen note of disappointment over the fact that most of those who do issue reports fail almost completely in displaying data that are either comparable with their own reports for previous years or with reports of other cities.

I. TABLE OF COMPARATIVE RATINGS OF MUNICIPAL REPORTS

Explanation.—The number "5" denotes approach to an acceptable standard, while "0" indicates the value on that particular criterion to be practically negligible. Intervening numbers denote the degree of variation between these two extremes. A total of 100 would indicate a perfect score.

Criteria	Albert Lea, Minnesota	Auburn, Maine	Austin, Texas	Cincinnati, Ohio	Fort Atkinson, Wisconsin	Kenosha, Wisconsin	Milwaukee, Wisconsin	Staunton, Virginia	Two Rivers, Wisconsin	Wichita, Kansas
I. Date of publication										
1. Promptness	4	4	3	4	1	1	4	5	4	3
II. Physical make-up										
2. Size	2	5	5	5	5	5	5	5	5	5
3. Paper and type	4	4	5	5	5	4	5	5	5	5
4. Important facts	3	2	4	4	3	3	2	5	4	5
5. Attractiveness	4	4	5	5	4	4	4	5	5	5
III. Content										
A. Illustrative material										
6. Diagrams and charts	4	4	3	4	1	3	3	4	5	4
7. Maps and pictures	4	4	4	5	4	4	3	4	4	5
8. Distribution	4	5	5	5	4	5	5	5	5	5
B. Composition										
9. Table of contents	5	5	5	5	5	5	5	5	5	5
10. Organization chart	5	5	5	5	5	5	0	5	5	5
11. Letter of transmittal	5	5	5	5	4	4	3	5	5	4
12. Recommendations and accomplishments	4	4	4	4	4	5	3	3	5	4
13. Length	5	4	3	4	5	1	0	5	4	4
14. Literary style	5	5	5	5	5	5	5	5	5	5
15. Arrangement	5	4	5	4	4	4	5	5	4	5
16. Balanced content	5	4	5	5	4	4	5	5	4	5
17. Statistics	5	4	4	5	4	4	4	4	5	5
18. Comparative data	4	4	4	4	4	4	4	5	5	4
19. Financial statements	5	4	4	5	4	4	4	5	4	4
20. Propaganda	5	5	5	5	5	5	5	5	4	5
Totals	87	85	88	93	80	79	74	95	92	92

COMPARISON WITH APPRAISALS OF PREVIOUS YEARS

It is encouraging to note from Table II the steady improvement of the consecutive reports of the same cities for the past five years.

TABLE II

	1928	1929	1930	1931	1932
Austin, Texas	54	65	81	82	88
Cincinnati, Ohio	83	87	89	89	93
Kenosha, Wisconsin	79	68	79	79	79
Staunton, Virginia	76	89	90	92	95
Two Rivers, Wisconsin	65	78	84	86	92
Average rating	71	77	84	85	89

Further satisfaction can be gained from Table III which compares the appraisal of all the reports reviewed for the past six years according to certain characteristics.

TABLE III

	1927	1928	1929	1930	1931	1932
Number of Reports Reviewed	12	17	20	16	14	10
Average Length (pages)	90	78	90	60	72	75
Promptness in Issuing Report (in months)	4.5	3.7	4.7	4.1	3.7	3.2
Physical Make-up (per cent)	78	78	82	86	81	82
Illustrative Material (per cent)	62	58	65	74	74	83
Composition(per cent)	64	66	72	79	85	89

Taxpayers Strike in Washington

As a result the state adopts a tax limit initiative and an income tax; services will be curtailed seriously

BY JOSEPH P. HARRIS

University of Washington

THE voters of the state of Washington, responding to protesting taxpayers groups, adopted two tax initiative measures at the November election, one providing for a forty mill tax limit, and the other providing for an income tax upon personal and corporate incomes. These measures will greatly affect the tax system of the state, and unless new sources of revenue are found by the state legislature next year, many units of government in the state will have to be drastically curtailed.

THE FORTY MILL TAX LIMIT BILL

The tax limit initiative sets up a maximum limit of the general property tax of 40 mills upon city property, and 25 mills upon rural property upon an assessed valuation which is legally presumed to be 50 per cent of the true value. Actually, the assessment rate varies from as low as 10 per cent of the real value to 100 per cent, or even higher. In perhaps a majority of counties the going rate of assessment is from 20 to 35 per cent of the true value. The present millage for cities within the state ranges from 60 to 80 mills. The 1932 tax levy in Seattle is 72.53, and the 1933 levy will be increased to 74.47. This measure provides for a maximum levy of 5 mills by the state, 10 mills by the county, 10 mills by the school district, and 15 mills by the city, making a total of 40 mills allowable for cities, or 25 mills for rural districts. It is further provided that an additional levy may be made to meet the interest obligations and to pay off the principal of outstanding debt obligations. A special election may be called to authorize a larger levy by any unit of government, but a 60 per cent favorable vote is required.

The state levy for 1932 is slightly over 11 mills, of which approximately one mill is for debt charges. This levy will have to be lowered to five mills plus one mill for debt charges. Because of the lowered assessments throughout the state, which was 15.49 per cent less in 1932 than in 1931, the revenue of the state from the general property tax will be lowered to approximately 40 per cent of that at present. This revenue has been used almost exclusively to support the state institutions of higher learning and to provide state support of the local schools. For several years no levy has been made for the general fund of the state for the operation of state departments, this fund being supported by special taxes, principally an inheritance tax and a tax upon insurance receipts. Because of a decline in these revenues, however, it is anticipated that a levy will have to be made for the general fund in the future thus further reducing the revenue for school purposes. It is hardly practicable for the state to increase its levy by a special election

(Continued on Page 39)

PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

Continuing the Proportional Representation Review

Prospects Bright in Michigan.—The unexpected capture of both houses of the legislature as well as the governorship by the Democratic party of Michigan practically assures a popular vote on the party's P. R. constitutional amendment. As reported in earlier issues, the party proposes to have the state House of Representatives elected by proportional representation and to legalize P. R. for cities. Governor Comstock is a firm believer in the proposal and passage of the amendment at this session of the legislature is confidently expected. After that a non-partisan committee will undertake the campaign for approval at the polls.

*

The Fight is On in Pennsylvania.—The campaign of the Municipal Charter Committee of Pennsylvania to make proportional representation and the city manager plan optional for Pennsylvania cities and boroughs, referred to in this department last June, is now in full swing

A Municipal Charter Committee of Pittsburgh has been organized under the leadership of a group of the city's foremost business men and a special Pittsburgh bill prepared. It is hoped that the change can be adopted in the legislature and at the polls in time to have the council elected by proportional representation next fall and the first city manager appointed next January.

The Philadelphia City Charter Committee is also submitting its P. R.-manager bill again as a necessary step in the salvation of the city from its dire financial plight. Bills covering the other cities and boroughs will be introduced with strong state-wide backing.

The legislature which meets this month has an unprecedented number of new faces, the slaughter of old members having commenced in the Republican primary and continued in the Roosevelt landslide which gave nearly a third of the lower house to the Democrats. Many of the new members of both parties had answered questions on optional P. R.-city manager government in the affirmative during their campaigns for nomination, and the number of present members who either have promised support or gave support last time considerably exceeds the number remaining who voted against last year's legislation.

The number of important citizen organizations supporting the program has likewise increased. Among these is the newly organized Pennsylvania Taxpayers' Association, with constituent bodies throughout the state. The Pennsylvania Council of Republican Women voted active work for the bills at its December convention. And in October the annual convention of the State Federation of Pennsylvania Women passed a resolution which "calls upon the women's clubs of the state to make a study of the city manager plan and proportional representation with reference to their utility as means of securing better government in cities, boroughs, townships, and counties." The executive board of the Federation approved last session's legislation.

The support of the Pennsylvania Federation of Labor, the Pennsylvania State Grange, the Pennsylvania State Association of Boroughs, the Pennsylvania League of Women Voters, the Republican Women of Pennsylvania, the Pennsylvania Federation of Democratic Women, and the many local Chambers of

Commerce and other organizations has been reported in earlier issues.

The campaign address of the Municipal Charter Committee of Pennsylvania is Hotel Penn-Harris, Harrisburg. Pennsylvania readers are invited to offer their coöperation.

The editor of this department, who is executive secretary of the Committee, has been released by the National Municipal League for work in Pennsylvania until the fate of the Committee's bill is decided in the legislature which convenes this month. Dr. J. Horace McFarland of Harrisburg, the Committee's chairman, has recently sent out a letter to all its members in which he gives his opinion that "the best time in a generation for insisting on the legislation which will permit Pennsylvania municipalities to cut governmental waste by adopting the city manager plan and its safeguard, proportional representation, will be this winter."

*

Further Progress in New York City.—Recent hearings of the Hofstadter legislative committee investigating New York City's government have continued to emphasize P. R. as a necessary part of any constructive program of permanent reform.

The *New York Times* of December 14th states that Judge Samuel Seabury, counsel to the Committee, has reiterated "his previous announcements that he would advocate proportional representation for the city government and the creation of a single municipal council."

Acting Mayor Joseph V. McKee recommended P. R. to the committee on December 8th in his plan for a single-house legislative body and complete reorganization of the city government. Former Governor Alfred E. Smith said it was something to be thought about. Former Commissioner of Accounts Leonard M. Wallstein told the committee it was "worthy of the most careful consideration."

Leaders of the New York City Republican and Socialist parties, which polled 442,901 and 249,887 votes respectively for mayor in the recent election, are pretty well united in support of P. R. Last July the state Socialist party in its annual convention at Utica adopted a platform plank introduced by the Nassau and Westchester County delegations calling for the application of P. R. to "village, town, city, and county governments."

In a report of the New York Committee of One Thousand, endorsed by the City Club, the Citizens Union, the New York State Civil Service Reform Association, and members of the City Affairs Committee, P. R. was stressed as a prime essential. The report quoted the findings of the committee on charter revision of the Committee of One Thousand, beginning as follows:

> The joint legislative committee to investigate the affairs of the city of New York has brought out in public hearings that there is widespread waste and corruption in the present city administration.
>
> The disclosures of this investigation have aroused sufficient public indignation to support proposed changes which will attack the source of that waste and corruption.
>
> The present charter and our complicated organization of governmental functions thereunder, while unwieldy, are not the chief causes of the conditions we would cure.
>
> In the past reform spasms have accomplished changes in the mechanics of city administration; consolidation of departments, reorganizations and similar mechanical changes have been tried in vain. The replacing of old machinery with new has proved of little avail while the same type of engineer continued to hold the throttle. At the same time substitution of individual officeholders and appointive officials for those shown up by an investigation of this character has proved also in the past to be only a temporary cure.
>
> Our present political system has made possible control of government by a political machine over a long period with only brief interims of reform. The basis of such control lies in the monopoly obtained by a party in power over the dispensation of patronage and favor, which is too often fostered by "respectable" business interests. The dispensation of this patronage and favor by a corrupt organization makes possible increasing pluralities from year to year and is an important source of our distress.
>
> A solution of this problem must insure the full representation of minorities in the government hereafter, and must substantially reduce the amount of patronage and the opportunity for favor which now exists.
>
> Government under a council chosen by

some form of proportional representation, which in turn controls the administrative function of the city, is the most likely means of achieving the first end.

Assurance in the council of full representation of minorities will go far to destroy the monopoly of privilege. Voters who, at present, do not trouble to cast votes which will be ineffective, will take their part in electing such a council. Even if a corrupt party secures control of the council at a given election, the minority groups, on the basis of past voting in New York, will have a substantial influence, the mere existence of which will check the more vicious type of excess that now goes virtually unchallenged.

The report recommended legislation to allow voters to initiate charter changes by petition and to remove all doubt as to the constitutionality of P. R. for local elections.

*

Greece Has Second Election Under P. R.—For the second time since 1926, Greece adopted proportional representation in its general election of September 25, 1932.

The system adopted was the same as that of November 7, 1926 [a party list system], although in the 1932 election it was applied with greater ease, the voters having little if any difficulty in registering their choice. Less than one per cent of the ballots were thrown out for irregularities.

Close to 90 per cent of the registered vote was cast, the total being one million, four hundred thousand in a total population of six and a half millions. There is only adult male suffrage in a general election, although women vote in the municipal elections. Their number, however, was very slight in the first election of 1929, about ten thousand women voting as against a million, three hundred thousand men.

The vote of 1,400,000 of September 25, 1932, was divided among nine parties and some independent candidates with no party affiliation.

The division was as follows:[1]

Party	Votes	Seats
Liberal (led by Venizelos)	394,466	102
Popular (Tsaldaris)	391,176	91
Progressive (Kafandaris)	96,320	15
Agrarian (Hadjiyannis)	71,088	11
Farmer Labor (Papanastassiou)	68,802	10
United Front (Communist)	56,035	10
National Radical (Kondylis)	44,855	5
Free Opinion (Metaxas)	18,518	3
Conservative (Michalacopoulos)	7,150	1
Independent (special districts)		2

[1]The slight variations from true proportionality for the country as a whole are undoubtedly explained by the districting.—Ed.

The total number of seats in the Greek Chamber is 250. The main division was between the time-honored camps of Liberals and Populars or, as they are better known in Greece, Venizelists and anti-Venizelists. However, in this election such parties as the Progressive, National Radical, Farmer Labor, and Agrarian, who formerly were more or less leaning towards the Liberals, coöperated with the anti-Venizelist forces in a more or less loose coalition of the opposition forces.

When the question of the formation of a cabinet came to be considered, two solutions offered themselves, one being a coalition of the two major parties under Messrs. Venizelos and Tsaldaris, and the other a strictly coalition ministry under the leadership of Mr. P. Tsaldaris, supported by the Progressive, Agrarian, Farmer Labor, Radical, and Free Opinion parties, and the two independents. Such a cabinet would command 127 votes, against the 102 Liberals of Mr. Venizelos and Mr. Michalacopoulos, the Communists not considered. This arrangement failed of materialization on account of minor disagreements between the opposition leaders.

In the end a partial coalition cabinet was formed under Mr. P. Tsaldaris, with the active support of the Agrarian, the Free Opinion, the Radical and independent elements, and with the so-called goodwill support of all the other parties including that of Mr. Venizelos. Confidence in the new cabinet was voted by acclamation, and the Chamber was allowed a two-months leave, during which time the Government will prepare its legislative program, mostly of an economic character. One may say without exaggeration that Greece today is governed by a National Cabinet, Mr. Venizelos and his Liberals promising a non-aggression policy, until the new bills are presented in the Chamber.

The system of proportional representation as applied this time in Greece gained many friends, especially when it is remembered that in the election of August 19, 1928, only a slight majority of votes, given to Mr. Venize-

los under the plurality system, resulted in his overwhelming victory of 218 against the 18 of the Popular party, 14 other seats being scattered among the other parties, with the Communists not represented at all.

The Popular party, which was the staunchest opponent of P. R., seems to have been won over, and the next election, scheduled for next year, will in all probability be held under P. R.

The main argument against this system remains in the fact that under it no single party can assume responsibility for running the government alone. This fact will necessitate a new general election within a few months, so as to bring about a better division of power among the various parties that will have to coöperate.

The Greek people as a whole prefer such a coöperation of political parties to the omnipotence of a single party, because in actual practice the most powerful Liberal Cabinet, that held power from 1928 to 1932, not only failed in the application of the major planks of its platform, but also became too autocratic, too arbitrary, very little responsive to the suggestions of a numerically insignificant parliamentary opposition, until it lost touch with public opinion to the extent of losing more than one-half of its seats in the recent election.

It should be noted in passing that the greatest service that P. R. has rendered Greece, both in 1926 and in 1932, is that it brought together all the political leaders in a spirit of mutual coöperation for the good of the country, and it also has softened considerably the political and factional animosities that had divided Greece during the Great War and after, when the country went deep into civil war and revolution. That the Greeks are once more united and coöperating politically is in no small measure due to proportional representation.—Adamantios Th. Polyzoides.

*

South Australia Debates P. R.—Early in October the legislature of South Australia took under consideration two bills to prescribe P. R. for its future elections. One, introduced on behalf of the Labor Government by Attorney General W. J. Denny of Adelaide, decreased the size of both houses and provided for a House of Assembly of 35 members and a Legislative Council of 15, all elected from five-member districts by the Hare system of P. R. The other, introduced by one of the opposition party leaders, Mr. Dawes of Sturt, was similar except that for tactical reasons it did not propose to change the Legislative Council. Both were modeled on a bill introduced by Mr. Denny in 1924, which passed the House at that time and was defeated by one vote in the Council.

Mr. Dawes announced in debate that he had introduced his bill "to goad the Government into an activity on a reform on which they were elected" and that he hoped the Government would prove his charges of insincerity untrue by passing their own bill "because in the process they will give the people the electoral reform I consider so necessary."

Both bills were given a second reading. We have no report of final action.

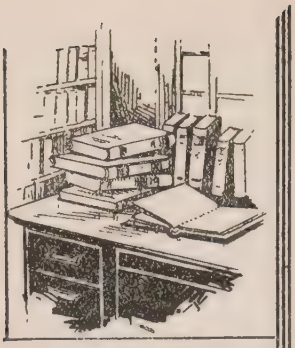
*

Fourteen Years of P. R. in Boulder.—During the past summer I had the pleasure of addressing the Lions Club and invited guests in the university town of Boulder, Colorado, the P. R. city which stands first in the United States in priority of adoption and next to Calgary on the American continent. Calgary adopted proportional representation in 1916, Boulder a year later.

It was a satisfaction to learn that the P. R. councils in Boulder and the city managers whom they have chosen have uniformly stood in high esteem and that the dissatisfaction with P. R. which was expressed a few years ago because of an unusual number of invalid and blank ballots has largely subsided.

At the last election only 57 ballots were spoiled out of a total of 1,391 (blank ballots this time being unrecorded). Of the 1,334 that were valid, 978, or 73.3 per cent were effective in electing candidates for whom their voters had voted.

A still higher percentage could be made effective if all nine councilmen were elected at once, as has often been suggested by prominent Boulder citizens, instead of three at a time for overlapping terms. In Cincinnati, where the nine councilmen are elected together by P. R., 90 per cent of the valid ballots have regularly been effective in electing members.—G. H.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL — *Municipal Administration Service*

Housing America. Editors of Fortune, New York: Harcourt, Brace & Co., 1932. 159 pp. $2.00.

The housing problem, like the poor, we seem to have with us always. In country and city, in Megalopolis as well as on the small farm, the question of adequate housing is a most pressing one. The slum areas of cities like New York, Philadelphia, Chicago and New Orleans are more notorious but hardly less desirable than the backwoods home largely devoid of such fundamental equipment as running water, and inside waterclosets.

Much has been written about this problem —in reports of various governmental agencies such as the New York State Board of Housing and the earlier Tenement House Commissions—in popular and sentimental works such as Riis' *How the Other Half Lives,* and in more sober and scholarly works such as Dr. Edith Elmer Wood's *Recent Trends in American Housing.* To these, the collection of essays by the editors of *Fortune* is a most timely and useful addition.

In their treatment of the need for better housing, the authors show no tendency to depart from older works. Conditions in various slum areas are described interestingly but with no particular novelty. The significant contribution of the writers is in their discussion of such questions as land costs, promotion costs, the wastes of subdivision, racketeering in the building industry, taxation and the burden of municipal indebtedness, etc. These questions while perhaps the most vital to any discussion of housing are usually almost completely ignored and the authors have done well to include them.

The conclusions are that there is a very considerable shortage of adequate housing in the country; that the existing over-supply is in a price range far beyond the means of most of the people suffering from deficient housing. The remedy, it would appear, lies in the more scientific organization of the building industry so as to eliminate the waste and reactionary tactics which make of that industry a medieval rather than a contemporary institution. Such an organization together with the willingness to experiment with new types of housing would solve the problem satisfactorily.

The urban reader will miss some things such as a discussion of large scale operations and a treatment of the role of government in housing. Without these, no book on housing can claim to have covered the whole field.

EMANUEL STEIN
New York University.

Report of the New York State Commission for the Revision of Taxes.—Submitted February 15, 1932. Robert Murray Haig, Executive Secretary and Director of Research.

This Report of more than one thousand pages presents an exhaustive, almost encyclopaedic, treatment of issues and problems involved in a revision of the tax laws of the state of New York. Part I summarizes and explains the recommendations and conclusions of the Commission; Part II is a report to the Commission prepared by Mr. Haig in which he analyzes the various factors involved in tax law revision, summarizes the data gathered by the staff, and considers the probable effects of the several possible courses of action; Part III consists of thirteen technical memoranda on individual topics which were made the subjects of intensive study by

members of the research staff; Part IV presents drafts of bills that incorporate the proposals and possibilities suggested by the Commission.

According to the mandate of the statute authorizing its creation, the task of the Commission was to suggest a revision of the entire tax system which would "provide for New York State a system of taxation which shall reasonably distribute the tax burden as widely and evenly as possible and thereby relieve those present sources of revenue, particularly real estate, which now bear a disproportionate part of the whole tax burden of the state." The following recommended changes in fulfillment of this purpose received the unanimous support of the members of the Commission: a readjustment of the motor vehicle license fees; an increase in the motor fuel tax from two to four cents per gallon; a special tax on motor common carriers; a special license on other motor vehicles for hire; a reduction of the personal income tax exemptions; the exemption of such personal property as remains in the property tax base and the imposition of a tax on the net income of incorporated businesses; a tax on billboards; a readjustment of the rates of the tax on estates in excess of $500,000; a tax on savings and loan associations; the repeal of the mortgage recording tax. Other changes recommended but supported by only a majority of the Commission and still others are discussed without recommendation.

The Commission also recorded its conviction that the adoption of its proposals for additional revenue by the state and the transmission of such additional revenue to the local units for the relief of real estate would have to be accompanied by the adoption of measures for increased state control of local finances designed to insure that the money is devoted to the purpose in view. Accordingly, the Report outlines plans for the distribution of the revenues, the control of local finances, and the improvement of tax administration.

The recommendations of the majority plan on the control of local finances are of special interest to students of municipal government, since they are indicative of the trend of thought, at least in certain quarters, on this important issue. The plan urged that every local authority with power to raise or expend public funds should prepare a budget, and the fiscal calendar should be revised to place in their proper relationship all of the steps of estimating expenditures, making appropriations, levying taxes and collecting revenues. The state under this plan was to set up a local government board with an imposing array of powers and functions, included among which were the following: prescribe and install budget and accounting systems; provide periodic audits of all local accounts at the expense of the municipality; examine all local budgets with special reference to their provisions for debt service, deficiencies and delinquencies, with power to issue orders binding upon local authorities with reference to those items; approve all local bond issues in excess of certain percentages of assessed value of taxable property; approve tax rates for all purposes, including debt service, in excess of certain percentages of the assessed value of taxable property; prescribe local assessment procedure and check local assessments; approve budgets of all school districts obtaining more than one-half of their revenues from state funds and of all other local units obtaining more than one-third of their revenues from state funds; gather, edit, and publish statistical material dealing with local finance; make efficiency studies at the request of local units of government. A minority of three members opposed that part of the plan outlined which gave to the local government board power to approve tax rates and local bond issues above prescribed limits.

Space does not permit a summary of other portions of the Commission's recommendations. It is important, however, to call attention to the able analysis by Mr. Haig and the series of intensive studies on individual topics by the highly qualified experts on the research staff. While the all too bulky and formidable character of the Report will likely deter many legislators from giving it more than a cursory examination, the document on the whole is a most valuable repository of data on governmental and tax problems of the present period.

MARTIN L. FAUST.

Jobs, Machines and Capitalism. By Arthur Dahlberg. New York. The Macmillan Company. 252 pp. $3.00.

By the thirty-fourth page it is evident that this book is founded upon the Marxian theory that unemployment occurs when the capitalists have "frozen purchasing power," because they

cannot invest their profits wisely and cannot be induced by high pressure salesmen to expend them in sybaritic luxury. But unfortunately for the author, "frozen purchasing power," is a myth.

All monetary incomes are spent, practically speaking. Sometimes an extra large amount of currency is hoarded, but usually not by capitalists. Nowadays everybody who receives and disburses fairly large sums does so through banks and there necessarily keeps any unused purchasing power. The bank lends at least, note words "at least," as much money as its bonafide depositors normally have on deposit. So some one else spends vicariously that part of our incomes when we do not. The capitalist is ordinarily a greater borrower than he is a depositor and the loans the banks make to him enables him to invest before he saves. As he saves he amortizes the loan thus wiping out that much purchasing power which the bank legally created when it made the loan. Unemployment thus results until the bank makes new loans or the price level falls to fit the new volume of purchasing power.

Failure to recognize that it is not "frozen purchasing power" but the melting away of purchasing power through savings or bankruptcies cancelling bank loans is what causes depressions, has led to the printing of a well-intentioned but useless book whose pretty diagrams in five colors add one more thing to the author's category of "not spontaneously wanted commodities."

WALTER J. MILLARD.

Urban Land Uses: Amounts of Land Used and Needed for Various Purposes by Typical American Cities.—Harland Bartholomew, Cambridge. Harvard University Press, 1932. (Harvard City Planning Studies, Vol. IV.) 174 pp. $3.50.

This valuable research is based on a careful survey and analysis of the various land uses in twenty-two American cities of less than 300,000 population. The net acreage actually devoted to each of the following uses has been carefully determined: single family dwellings, two-family dwellings, multi-family dwellings, stores, light industry, heavy industry, railroad property, streets, parks and playgrounds, public and semi-public property. The percentage of total *developed* area devoted to each of the above uses is shown for each city, as is also the number of acres so devoted per hundred of the population.

Mr. Bartholomew has made an important contribution to the science and art of zoning and city planning. At present the apportionment of land area in zoning ordinances is influenced too largely by gross exaggeration in the minds of property owners as to the amount of land that will be required for business and industry. Such exaggeration gives much land a speculative value for prospective business use and thus makes its restriction for residential use quite difficult or even impractical. This authoritative study will make the task of the zoning consultant easier in his attempt to convince real estate interests and municipal councils of the folly of zoning all lots on traffic streets for business. It will also facilitate a better zoning of the blighted areas that are increasing so rapidly near the centers of all large cities. These areas are too large to be completely absorbed for business and industrial uses. If they can be zoned for residential uses the problem of rehabilitation will be facilitated. Land inflation and distortion of zoning has also been caused by exaggerated notions of the probable increase in population and especially of the amount of land that will be required for apartment house construction. This research indicates that even with the garden type of apartments the percentage of the total area that will normally be devoted to apartments will be quite small.

ROBERT WHITTEN.

The One-Room Schools of Illinois.—By H. S. Hicks, Springfield: Illinois State Tax Commission, 1932. 20 pp. mimeo.

The large share of local taxes which is required to support schools justifies careful analysis of the school system. The author shows how the one-room school plan, existent in most of Illinois, results in high and inequitable school taxes. He suggests that the legislature pass a law permitting, but not requiring reorganization of school districts so that County Boards of Education could supervise and plan for one-room schools, somewhat fewer in number than at present.

Group Problems of Wisconsin Cities and Villages.—Frederick N. MacMillin, Madison, Wisconsin: League of Wisconsin Municipalities, 1932. 8 pp. mimeo. 25 cents.

The many devices used by Wisconsin mu-

nicipalities to meet special situations in which group action seems superior to individual effort are summarized in this bulletin. Among the most important are special districts for schools, sewage, power, water, flood control, drainage, parks and community centers. Two or more municipalities have acted together to provide utility service, fire service, airports, breakwaters, and certain officers such as attorney, health officer, engineer and others. Voluntary uniformity is practiced in some sections in traffic control, poor relief and street numbering systems. Some municipalities have been granted extraterritorial control in such matters as land-plotting, smoke regulation, regulation of offensive industries, annexation and eminent domain.

There are many problems which a municipality cannot control without the coöperation of neighboring territory, and there are a number of essential services which it is difficult for a small city or village to maintain adequately without inordinate expense. The description of how some are meeting these problems is valuable and interesting.

Report of the Committee on Reduction of Governmental Expenditures.—Des Moines, 1932. 147 pp.

Aroused by the need of retrenchment the Iowa legislature in 1931 appointed a special committee to study for a year the possible economies which might be effected. With Ed. R. Brown as secretary and C. A. Crosser as part-time research staff, the committee has conducted study and presented conclusions and recommendations expected to save the taxpayers of the state $20,000,000. The economies proposed involve assessment methods, budgeting, road taxes, mandatory reductions in tax levy, state printing, travel and mileage allowances, annual audit, postage, salary reductions, county budgets, purchasing and licensing, recording, school expenditures, school consolidations and other school problems, pension allowances and various aspects of court procedure such as reducing size of juries. A number of other lines of possible economy also receive comment in the report. The legislation necessary to effect the recommendations is included in the volume.

Work Relief of the City of Milwaukee, 1931-32.—Ovid B. Blix. City Service Commission, 1932. 50 pp. mimeo.

The work relief program of Milwaukee has been centralized in the regular personnel department of the city. Mr. Blix, the assistant secretary of the department, known as the City Service Commission, here presents the report of the work done last year. Statistical reports, forms used and statements of work accomplished are included.

Emergency Relief Administration.—First Annual Report to the Governor. Trenton, N. J., 1932. 159 pp.

The problem of relief continues and the methods and program of new agencies are valuable and suggestive. After its first year of operation the New Jersey State Commission reports on its policies, procedure and operation. Nearly $14,000,000 was dispensed, primarily through local governments, for relief work. The major part of the report is devoted to tables showing how the expenditure was allocated. Forms used are included.

Report of the Westchester County Park Commission.—White Plains, N. Y., 1932. 88 pp.

The nation-wide reputation of Westchester County's parkways, parks and comprehensive recreation facilities makes this report, the tenth of the Commission, of particular interest. Special attention should be given the fact that the maintenance and operation expenditures, including general overhead, but not debt charges or capital outlay, are covered by receipts. Also of importance are the many phases of development which have during the past year been speeded by the use of emergency workers.

The Judicial System of Metropolitan Chicago.—Albert Lepawsky. Chicago: University of Chicago Press, 1932. 265 pp. $3.00.

The metropolitan district, a social and economic fact, presents governmental problems which must be solved from numerous angles. Dr. Lepawsky has analyzed the judicial problems in order to discover how far the courts may be incorporated into a planned regional government. He describes the present practice in Chicago as to structure, relationships between the courts, the judicial profession, personnel, supervision, and offers suggestions for reconstruction. His conclusions and recommendations are applicable to courts throughout the country.

NOTES AND EVENTS

Installment Tax Deposit Plan a Success in Portsmouth, Va.—The tax deposit plan or installment tax collection system which was inaugurated in Portsmouth in March of this year has proved a success. The plan was brought about by "Mother Necessity." The market for municipal paper had been practically closed to most cities, and Portsmouth was no exception to the rule. Yet, essential city services had to be financed somehow.

The present method of tax collection by American cities had its origin in Colonial days when the farmers gathered their crops in the fall of the year. The economic picture is entirely different today and even the farmers endeavor to conduct their affairs in such a manner as to insure more frequent, if not more certain returns upon their labors. In the cities, workers of all classes are paid weekly, semi-monthly or monthly.

Observing the popularity of installment buying, as well as the Christmas savings and building and loan plan of weekly or monthly payments, as city manager of Portsmouth it occurred to me that citizens would welcome a plan which would permit them to pay taxes weekly or semi-monthly, or in fact, in any manner they desired, while the taxpayers at the same time would receive in return a fair rate of interest on their payments.

The plan I introduced is a pre-payment tax plan by which taxes may be paid in weekly, semi-monthly, or monthly installments. Also, business men might make deposits at any time, the amount paid immediately starting to earn interest. No one, however, is permitted to pay more than the amount of the tax bill, credit for interest being given on the last payment.

The plan has been in effect in Portsmouth since March 7, and up to November 1, 1932 approximately $170,000 had been collected. Several large taxpayers have taken advantage of it and have paid their taxes in full ahead of time.

This method of tax collection will save $25,000 annually and return approximately $28,000 to the taxpayers of the city, which is equivalent to a reduction in the tax rate of eight cents per $100, should it continue to meet with public favor as it has been doing the eight months of 1932.

Portsmouth banks have coöperated in the plan and have taken advantage of the saving offered them by the city and have paid their taxes under this plan. The plan has been carried out with no added payroll cost and bids fair to become a permanent institution in Portsmouth that might well be copied elsewhere.

FRANK C. HANRAHAN

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Defending the Manager Plan in East Cleveland, Ohio.—In an advertisement on the writer's desk appears "He is safe from danger who is on guard even when safe." Although the quotation was used by an insurance company it well applies to municipal affairs in manager plan cities. Unless the citizenry is organized in a militant way to protect and perpetuate their charter it will sooner or later be on the defensive in a campaign to destroy it.

Since January 1, 1918, when the manager plan charter went into effect in East Cleveland, the people of that city slipped deeper and deeper into a repose of complacency concerning their municipal government. Their first manager was C. M. Osborn, who served until 1923. Since then Charles A. Carran has been the manager. Each has been president of The International City Managers' Association and under them the city has enjoyed an efficient and economical administration of af-

fairs. The city commission for the most part during those years has been composed of capable people, devoted to the city's interests and the manager plan charter. The people had a good government and hence were little concerned about it.

Then one morning early in the summer citizens awoke to find a brand new mayor plan charter on their doorstep. Its mother was the general political unrest, but it was fathered by disappointed job seekers, those hungry for city contracts, the politically ambitious and the malcontents.

The friends of the manager plan promptly former the Charter Defense League and the writer was selected to organize and manage the campaign in opposition to the proposed mayor plan charter.

The proponents of the mayor plan charter desired a special election in August. The folly of burdening the taxpayers with the cost of a special election was pointed out. If the mayor plan people sincerely desired to reduce taxes, as they said, a special election was a poor way to begin. The public and the city commission sided with us and the new charter was placed on the ballot at the general election in November.

Although legal technicalities could have been raised against the proposed "amendment" in that it was in reality a complete new charter, that possibility was waived and the contest welcomed. It was hoped to defeat the proposed charter so thoroughly that its proponents would be discouraged from making their attempt an annual affair.

An educational campaign to acquaint the people with the practical and theoretical advantages of the manager plan was soon begun. The accomplishments of the city administration under the manager plan charter were broadcast. The secret and private method of preparing the proposed mayor charter was compared to the elected charter commission method used in preparation of the manager plan charter. Our educational campaign was carried on through the summer months. At the same time a complete ward, precinct and street organization was being formed.

On Friday, October 14, our headquarters were opened and the real campaign began. Feeling that personal contact was the best method of getting our story to the voters, a house-to-house canvass was undertaken. The work was divided so that it would not be onerous. In some precincts there were as many as seven or eight League workers.

To every signer of the mayor plan charter petitions and to property owners a letter was sent, together with carefully prepared arguments in defense of the manager plan charter and against the mayor plan charter.

Our opponents attacked the record of the administration and claimed that under their charter "lower taxes" would result and to have an elective mayor would "return the government to the people." Their issues were met and an offensive attack against the proposed charter was maintained at all times. A favorable comparison of the operating costs under manager government with those of mayor cities was made. It was shown that under the mayor plan charter, taxes would undoubtedly increase. The slogans, "Defeat the Mayor Plan and Prevent Higher Taxes," and "Keep the Manager Plan and Good Government in East Cleveland" were effectively used. The fallacy of their argument about returning the government to the people was exposed and it was shown that by their limitations on the initiative, referendum and recall and by other provisions in their charter substantial rights now held by the people would be taken away.

The opposition was met in only two public debates to avoid giving it undue publicity. In one comprehensive pamphlet distributed city-wide the Saturday before election, the charges against the administration were answered. The pamphlet also included a summary of our attack on the proposed mayor charter.

The results were gratifying. The total vote cast at the election was 14,397, of which number 13,357 voted on the proposed mayor plan charter, 9441 against it and 3916 for it; a little better than 2½ to 1 against the mayor plan; or, to put it differently, approximately 70 per cent of those who voted thereon were in favor of retaining the present manager form of government.

The campaign was a perfect example of the wisdom of the old saying that the best defense is a vigorous offense. And if the people of manager plan cities wish to perpetuate their charters they must maintain an active and vigorous citizen organization that will be on guard even when it appears that all is well.

DEPEW C. FREER

Free Employment Service Organized by Engineers' Club.—To meet the unemployment problem, as it affected the professional technical worker, The Engineers' Club of Philadelphia is sponsoring the Philadelphia Technical Service Council, a group consisting of representatives from twelve national engineering societies, and the association of the State Employment Commission of Pennsylvania. All requests for technical men are handled through the Council for the Philadelphia metropolitan area.

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Portland Franchise Removed from Ballot.—The Portland service-at-cost franchise described in the November issue of the NATIONAL MUNICIPAL REVIEW was placed on the ballot by the city council under the following heading:

> Service at Cost Franchise—Act Amending Charter—granting franchise to Portland Traction Company for street and motor coach transportation system, fixing initial token or ticket fares 7-1/7 cents each when purchased in quantities of 14 for $1; tokens or tickets 8-1/3 cents each when purchased in quantities of 3 for 25 cents; single cash fare 10 cents; weekly pass $1.25 each; school tickets 4 cents in books of 25; authorizing tax levy of one mill.

This ballot title was obviously misleading, and brought a storm of protest from various civic organizations, demanding that the ballot title be changed. But it was too late to change it, and the city council finally removed the measure from the ballot entirely.

One subsequent development is of interest. On November 15, the manager of the street car company petitioned the state public service commissioner for permission to inaugurate a five-cent fare on certain lines for a 90-day period. The company evidently sees the need for reducing fares for short hauls despite its inability to secure favorable franchise provisions. It has in mind instituting five-cent zones in different parts of the city.

HERMAN KEHRLI

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Michigan's Tax Limit Amendment.—Michigan has recently enacted by a popular vote an amendment restricting taxation to 1½ per cent of the assessed valuation of property. The amendment is so loosely drawn and is so conflicting in its wording, that there is grave question whether it is enforcible and it is believed by many that the forthcoming legislature will be compelled to submit a repealing amendment and possibly a new amendment which will undertake to accomplish the same purpose in an orderly fashion.

The amendment reads as follows:

> The total amount of taxes assessed against property for all purposes in any one year shall not exceed one and one-half per cent of the assessed valuation of said property, except taxes levied for the payment of interest and principal on obligations heretofore incurred, which sums shall be separately assessed in all cases; provided that this limitation may be increased for a period of not to exceed five years at any one time, to not more than a total of five per cent of the assessed valuation, by a two-thirds vote of the electors of any assessing district, or when provided for by the charter of a municipal corporation; provided further, that this limitation shall not apply to taxes levied in the year 1932.

In attempting to interpret this proposed amendment a number of serious questions immediately arise:

1. Which governmental units will have priority of levy since the limitation is for all purposes?

2. Does it apply to cities? Proponents insist that it does not. Others argue that it does. Will it be possible for cities to issue bonds since the additional taxes required on such bond issues can only be voted for five years?

3. Can refunding bond issues be issued without a vote of the people?

4. What is meant by a two-thirds vote of the electors in any assessing district? It is possible to count voters voting or registered voters, but electors is another question.

5. What is meant by an assessing district? Michigan school districts raise taxes but are not assessing districts in a sense that they fix assessments.

6. And perhaps most important of all, how are many school districts going to operate that now collect anywhere from $40 to $70 per $1000 of assessed value? The average tax rate in Michigan is more than $33.

LENT D. UPSON

TAXPAYERS STRIKE IN WASHINGTON

(Continued from page 27)

throughout the state, but it is quite probable that new forms of taxation will be adopted.

SEATTLE MUST CUT RATE IN HALF

The 1932 tax levy of King County (in which Seattle is located) is 16.5 mills of which approximately two mills is for debt service. This will have to be reduced to approximately 12 mills at present, and eventually to 10 mills as the existing debts are paid off. The millage rate for other counties is somewhat comparable. The city levy in Seattle for 1932 is slightly over 32 mills. By the provisions of the tax limit bill, this will have to be reduced to 15 mills, plus the debt service costs. School districts are limited to a levy of 10 mills, plus debt charges already incurred. The present levy for school purposes varies greatly in the state. In Seattle the levy for 1931 was over 14 mills, and for 1932 it is higher. In other municipalities in the county it runs considerably higher, going over 20 mills in half of the cities. The date upon which a special election may be called to raise the levy is fixed for the first Monday in October, after the schools have been in operation for a month, and with contracts and other plans for the year made some months prior. It will not be practicable for school boards to increase the levy by a special election, held after the start of the fiscal year.

Special districts of one kind and another will not be affected by the law. This applies to port districts, draining and improvement districts, and road districts. Each county commissioner has charge of the road district in which he resides, and separate highway organizations are maintained by each district. It is significant that the road levy is not curtailed, though it is commonly known that the road districts are politically managed, with much favoritism and waste. The road district levy amounts to about half the total costs of the schools.

The forty mill tax limit bill was placed upon the ballot by the Seattle Real Estate Board, and other real estate organizations throughout the state. The principal arguments made for the bill were that taxes upon real estate and tangible personal property are too high, that tax delinquency and tax abandonment are mounting because of this heavy tax load, that these forms of wealth now constitute only about 35 per cent of the wealth, but bear 85 per cent of the taxes, that the costs of government must be forced down, and that the legislature must be forced to reform the tax system of the state. The message to the voter carried upon large bill boards was simply "Vote For Initiative 64—The Forty Mill Tax Limit Bill—and Lower Your Taxes."

SCHOOLS FIGHT MEASURE

The opposition to the measure was confined to the school organizations of the state, particularly the Washington Education Association. The teachers themselves took no active part in the campaign which was waged on their behalf by these organizations. In opposition to the bill it was pointed out that the schools would be crippled by these fixed limits, that the time for a special election to raise the levy was such as to make its use impracticable, particularly with the 60 per cent favorable vote requirement, that the school funds coming from the state, the county, and the school district would all be sharply reduced, and that many schools would be forced to close. Speakers opposed to the bill pointed out that school budgets had already been reduced in all districts, and in some by as much as 50 per cent, and that salaries had been reduced proportionately. No provision was made in the law for union high schools, or for districts which levy a special tax to pay the cost of high school education of their pupils in other districts. It was prophesied that many of the poorer districts would be forced to reduce the school term or to discontinue altogether.

In a pamphlet published by the Seattle Real Estate Board in favor of the measure it was pointed out that there are at present $6,000,000 outstanding warrants in King County, of which approximately one-half represents teachers' salaries. How this financial stringency will be remedied by lowering the tax levy was not indicated.

The forty mill tax limit bill was adopted by a large popular vote—nearly two to one—as had been foreseen. The tax collected from general property within the state, which now amounts to approximately $73,000,000, will be reduced to about one-half of that amount,

taking into account the lowered tax levy plus the lowered assessments. At the same time that this tax limit measure was being adopted, many units of government in the state were voting bond issues to provide emergency unemployment relief. The same groups which strongly supported the tax limit bill advocated the approval of the bond issues, unmindful of any inconsistency. There will be a strong movement in the next legislature to adopt a state program of public works and unemployment relief, which may cost, it is estimated, from ten to twenty million dollars. Doubtless a bond issue will be used to provide funds, but this program, if adopted, will make the problem of state finance even more difficult in the future.

The 1933 legislature will grapple with the problem of new forms of revenue. It is quite probable that some form of a sales tax will be passed, as well as a number of special revenue measures, though the Seattle Chamber of Commerce and other business groups have served notice that they will oppose any new form of taxation. It is generally conceded that the assessment system of the state badly needs a thorough revision and reorganization, with a complete new reassessment of general property through the state, but it is unlikely that any movement in this direction will get far at the coming legislative session. Every indication points to a period of drastic retrenchment in governmental activities all along the line, except for welfare and public works financed by bond issues, which will pile up financial troubles for the future.

WASHINGTON ADOPTS AN INCOME TAX LAW

At the general election in November the voters also approved an income tax measure likewise by a substantial vote. This measure provides for an income tax upon personal and corporate incomes, ranging from one per cent for the first thousand dollars of income to seven per cent on incomes over $12,000. The measure also provides, however, for a general property offset of 100 per cent for the first $50 taxes paid upon homes, and 50 per cent of all other general property taxes. The effect of this liberal general property offset cannot be forecast, but it is generally believed that it will practically destroy the income tax measure as a revenue producer. It cannot be amended until two years has elapsed after adoption by popular vote. The estimates of the revenue which it will produce range from one to three million dollars. It will not aid materially in providing revenue for that lost through the tax limit bill. This income tax will hamper the state in enacting other forms of taxation, such as an intangibles tax, or a gross earnings tax, which might have produced greater revenue. The tax upon corporate income provided by the measure is graduated and at the same rates as for individuals—a questionable provision.

In the meantime, it may be noted that another tax measure narrowly escaped being placed upon the ballot, providing for tax exemption of all homes occupied by their owners up to $4,000 of the assessed valuations. This measure, had it been placed upon the ballot and passed, would have wreaked havoc with the tax system and various units of government of the state. It may be revived.

These are various manifestations of the taxpayers' strike in Washington. For years an attempt has been made to reform the tax system of the state, without success. An income tax, which in its present form will yield little revenue, and an arbitrary tax limit bill have been enacted by initiatives adopted by popular vote. The struggle from this point will be taken up by the legislature.

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AUDITOR'S REPORT

NATIONAL MUNICIPAL LEAGUE

STATEMENT OF ASSETS AND LIABILITIES, DECEMBER 31, 1932

ASSETS		
Cash:		
In bank	$ 604.44	
On hand	7.90	
		$ 612.34
Accounts Receivable:		
Sales	$ 217.61	
Accrued interest on bonds—Portland Prize Fund	5.38	
		222.99
Furniture and Fixtures	$ 2,526.06	
Less—reserve for depreciation	1,323.60	
		1,202.46
Portland Prize Fund:		
Investments (at cost):		
$100.00 City of Lyons 6% bonds due Nov. 1, 1934	$ 99.20	
$500.00 Continental Oil Company 5¼% debenture due Nov. 1, 1937	487.50	
Uninvested cash	13.30	
		600.00
Total Assets		$ 2,637.79
LIABILITIES		
Accounts Payable	$ 2,499.16	
Reserve for Portland Prize—1932	25.00	
Portland Prize Fund	600.00	
Total Liabilities		$ 3,124.16
Deficit Account (excess of liabilities):		
Balance—Jan. 1, 1932	$ 3,096.45	
Decrease for year	2,610.08	
Balance (Deficit)—Dec. 31, 1932		$ 486.37

STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 1932

Income:		
Contributions		$24,806.35
Dues:		
Annual	$ 7,118.33	
Sustaining	4,427.73	
Contributing	424.50	
		11,970.56
Sale of publications		2,096.78
Sale of outside publications		64.35
Services		60.00
Royalties		41.64
Advertising		40.00
Interest on bonds—Portland Prize Fund		32.25
Interest on bank balances		5.22
Total Income		$39,117.15
Expense:		
Salaries:		
Administrative	$ 8,790.75	
General	8,852.85	
Proportional Representation League	3,721.73	
Printing:		
NATIONAL MUNICIPAL REVIEW	4,510.95	
Supplements to REVIEW	688.77	
Books and pamphlets	482.72	
Miscellaneous	188.10	
Rent	2,266.68	
Postage and express	1,558.21	
Postage—NATIONAL MUNICIPAL REVIEW	357.22	
Traveling	1,015.60	
Convention expense	116.26	
Moving expense	952.90	
Stationery, office and mimeographing supplies	894.62	
Telephone and telegraph	549.17	
Depreciation on furniture and fixtures	300.62	
Clippings	259.10	
Books and subscriptions	179.06	
Baldwin Prize	100.00	
Portland Prize (reserved for)	25.00	
Auditing	75.91	
Multigraphing	39.80	
Interest on accounts payable	45.00	
Stencils (addressograph)	21.83	
Tax on checks	4.24	
Sundry expense	509.98	
Total Expense		$36,507.07
Excess of Income over Expense		$ 2,610.08

80 Broad Street, New York, N. Y., January 17, 1933

MILLER, DONALDSON AND COMPANY.